

CHAPTER – 12

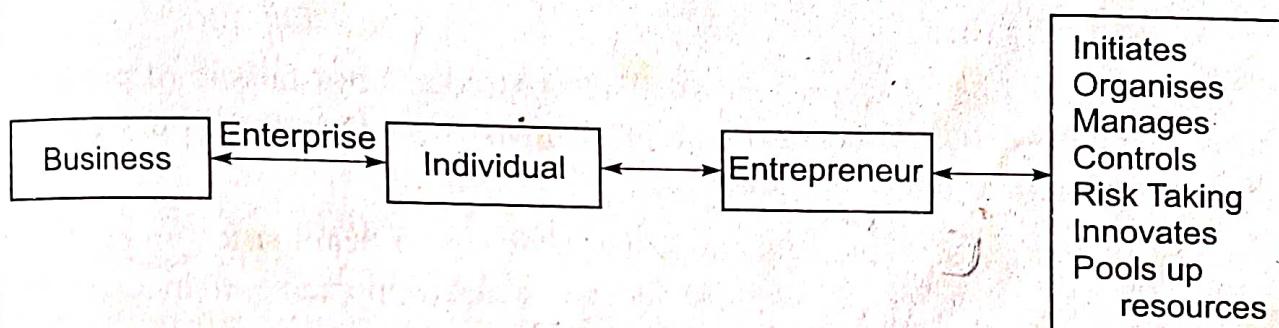
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ENTREPRENEURSHIP

12.1 INTRODUCTION

Entrepreneurship is a trait possessed by an entrepreneur. The spirit of enterprise makes a person an entrepreneur. Entrepreneur thus is an innovator, who carries out new combinations in ever-changing environment to initiate and accelerate the process of economic, social and technological development.

(An entrepreneur is one who always searches for changes, responds to it and exploits it as an opportunity) – Peter F. Drucker



A model of entrepreneurship

An entrepreneur is an economic agent who plays an important role in the economic development of a country. He possesses required knowledge, skills, initiative, drive and spirit of innovation and aims to achieve goals. He identifies opportunities and grabs them for economic benefits.

Entrepreneurship is a dynamic activity which helps the entrepreneur to bring changes in the process of production, innovations in business, new ideas and usages of resources, establishing new markets etc.)

12.2 ENTREPRENEUR

12.2.1 Meaning and evolution of concept:

The term "Entrepreneur" is defined in variety of ways. It varies from country to country, time to time and the level of economic development. The word "entrepreneur" is derived from the French verb "entreprendre" which means "to undertake". In 16th century, the Frenchmen who organized and led military expeditions were referred to as "entrepreneurs". In early 18th century

French economist Richard Cantillon used the word entrepreneur to business. Since then the word entrepreneur is used to one who takes the risk of starting new organization or business or introducing a new idea, product or service to society.

According to Joseph Schumpeter "An entrepreneur in an advanced economy is an individual who introduces something new in the economy a method of production not yet tested by experience in the branch of manufacture concerned, a product with which consumers are not yet familiar, a new source of raw materials or of new markets and the like". Accordingly to him the functions of an entrepreneurship are:

- Introduction of new product
- Introduction of new methods of production
- Development of new markets and finding fresh sources of raw materials and
- Making changes

Cantillon defined entrepreneur as "The agent who buys factors of production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future".

To summarise, "an entrepreneur is the person who bears risk, unites various factors of production, to explore the perceived opportunities in order to evoke demand, create wealth and employment".



12.2.2 Characteristics of Entrepreneur:

An entrepreneur is a highly goal oriented, enthusiastic and energetic individual. A good entrepreneur should possess the following characteristics.

- (i) Action-oriented, highly motivated and ready to take risk at all levels to achieve the goal.
- (ii) Should have unwavering determination and commitment.
- (iii) Creativeness and result oriented, hard working.
- (iv) Accepts responsibilities with enthusiasm.
- (v) Self confident, dedicated and self disciplined.
- (vi) Both thinker and doer, planner and worker.
- (vii) Future vision, intelligent, imaginative and self-directed.

12.2.3 Qualities of an entrepreneur:

The important qualities of an entrepreneur are:

- (i) Success and achievement: The entrepreneurs are self directed to achieve goals.

- SROPS**
- (iii) **Risk bearer:** He accepts risk, understand and manage risk.
 - (iv) **Opportunity explorer:** He always identifies opportunities and explores them.
 - (v) **Planner:** He is a good planner and doer. He plans and follows the plans sincerely to achieve the goals.
 - (vi) **Stress taker:** He should accept and bear any amount of stresses that may evolve in the business.
 - (vii) **Facing uncertainties:** They should face the uncertainties and unexpected outcomes and accept them.

FIESM

 - (viii) **Independent:** He is an independent person and likes to be his own master. He is a job given and not job seeker.
 - (ix) **Flexible:** He is an open minded person, flexible to adopt to demanding situational changes.
 - (x) **Self-confident:** He directs his abilities towards the accomplishment of goals.
 - (xi) **Motivator:** He initiates and influences people, motivates the people to accomplish the goals.

12.3. FUNCTIONS OF AN ENTREPRENEUR:

An entrepreneur performs all the necessary functions that are essential from the point of establishing and developing the enterprise.

The functions are broadly classified into three groups.

- Primary functions
- Other functions and
- Functions important for developing countries.

The various functions and their sub functions are mentioned in the following table.

Functions of Entrepreneur

PRIMARY FUNCTION 8	OTHER FUNCTIONS 5	FUNCTIONS IMPORTANT FOR DEVELOPING COUNTRIES 8
1. Planning	1. Diversification of production	1. Management of scarce resources
2. Organising	2. Expansion of the enterprise	2. Dealing with public
3. Decision making	3. Maintaining cordial employer and employee relations	3. Engineering

4. Management	4. Talking labour problems	4. New product development
5. Innovation	5. Coordination with outside agencies	5. Parallel opportunities
6. Risk bearing		6. Marketing
7. Leading		7. Management
8. Controlling		8. Customer relation

★ Primary Functions

(i) **Planning:** Like in any other activity, planning is a first step of entrepreneur. He prepares his plan of proposed project or business in a very systematic way. Planning involves

- 1 ✓ Study of various ideas
- 2 ✓ Scanning and selecting the best idea
- 3 ✓ Selection of product line and location of plant
- 4 ✓ Deciding the type of business organization
- 5 ✓ Preparation of budget and identifying capital sources
- 6 ✓ Studying the government rules, regulations and policies
- 7 ✓ Study and selection of work force
- 8 ✓ Study and selection of marketing strategies

(ii) **Organisation:** An entrepreneur coordinates and supervises the various tasks of organizing for optimal utilization of resources.

(iii) **Decision making:** He has to take effective decisions with regard to business objectives of the enterprise, arrangement of resources and facilities like men, material, machines, money, methods, technology etc., development of a market for the product and maintain good relationship with others.

(iv) **Management:** It refers to managing of the day-to-day problems. These include future expansion and policies in long run.

(v) **Innovation:** He should be innovative in launching of new product, introduction of new technology in production line, creation of new market, new or better source of raw material.

(vi) **Risk bearing:** He should undertake responsibility of risk due to unforeseen situations.

In addition to these primary functions, entrepreneur has to perform other functions and functions important for developing countries.

The other functions are: diversification of production, expansion of the enterprise, maintaining cordial relations with employer and employees, attending to and resolving the labour problems and coordination with outside agencies for the well being of the enterprise.

The functions of an entrepreneur with reference to the underdeveloped countries include wide range of activities like: management of scarce resources, dealing with public, engineering, new product development looking out for parallel opportunities, marketing, management of customers and supplier relations etc.

12.4 TYPES OF ENTREPRENEUR

(BATA → MTS)

The entrepreneurs have been broadly classified according to the type of business, use of professional skill, motivation, growth and stages of development as given below:

3) 4)

(a) According to the type of business (BIT - CARS)

- (i) Business entrepreneur
- (ii) Trading entrepreneur
- (iii) Industrial entrepreneur
- (iv) Corporate entrepreneur
- (v) Agricultural entrepreneur
- (vi) Retail entrepreneur
- (vii) Service entrepreneur etc.

(BTI - CARS)

9 types

(b) According to the use of technology (LTP)

- (i) Technical entrepreneur or non technical entrepreneur
- (ii) Professional entrepreneur
- (iii) Low tech or high tech entrepreneurs.

(PM - IS)

(c) According to motivation

- (i) Pure entrepreneur
- (ii) Induced entrepreneur
- (iii) Motivated entrepreneur
- (iv) Spontaneous entrepreneur

(d) According to the growth

- (i) Growth entrepreneur
- (ii) Super growth entrepreneur

(e) According to the stages of development

- (i) First generation entrepreneurs
- (ii) Modern entrepreneurs
- (iii) Classical entrepreneurs

(i) Innovative

(ii) Imitative

(iii) Jobian

(iv) Driven

(f) According to the area

- (i) Urban entrepreneur
- (ii) Rural entrepreneur

(g) According to age and gender

- (i) Young entrepreneur
- (ii) Old entrepreneur
- (iii) Male entrepreneur
- (iv) Female entrepreneur

(h) According to the scale of operation

- (i) Small scale entrepreneur
- (ii) Medium scale entrepreneur
- (iii) Large scale entrepreneur

(i) Other type

- (i) Professional and non professional entrepreneur
- (ii) Modern entrepreneur
- (iii) Traditional entrepreneur
- (iv) Skilled and non-skilled entrepreneur
- (v) Forced entrepreneur
- (vi) Inherited entrepreneur
- (vii) National or International entrepreneur etc.

(a) Entrepreneurs according to the type of business.

(i) Business entrepreneurs:

Business entrepreneurs are individuals who conceive an idea for a new product or service leading to new business. He deals with product development, marketing and sales.

(ii) Trading entrepreneurs:

Trading entrepreneur is one who undertakes trading activities and is not concerned with the manufacturing work. He is engaged in only trading.

(iii) Industrial entrepreneurs:

Industrial entrepreneur is generally a manufacturer who identifies the potential needs of customers and tailors a product or service to meet the market-needs.

(iv) Corporate entrepreneurs:

Corporate entrepreneur demonstrates his innovative skill in organizing and managing corporate undertaking.

(v) Agricultural entrepreneur:

Agricultural entrepreneurs undertake agricultural activities such as raising and marketing of crops, fertilizers and other inputs of agriculture. They cover a broad spectrum of the agricultural sector and includes its related areas.

(b) Entrepreneurs according to technology

(i) Technical entrepreneur:

Technical entrepreneur also called as "craftsman", develops improved quality goods. His concentration is oriented towards manufacture than marketing and selling. His aim is to develop quality goods using his innovative ideas and craftsmanship.

(ii) Non-technical entrepreneur:

Non-technical entrepreneur is not concerned with technical aspects of a product. They are mainly concerned with development of alternative marketing and distribution strategies to promote their business.

(iii) Professional entrepreneurs:

Professional entrepreneur is a person whose interest is to establish a business but does not deal with its management and organizing it. Generally speaking a professional entrepreneur sells out the established business and starts another venture. He is very dynamic who keeps on conceiving and venturing new ideas.

(c) Entrepreneurs according to motivation:

(i) Pure entrepreneur:

A pure entrepreneur is a person who gets motivated by psychological and not by economic rewards. He works for his own satisfaction or for his own status.

(ii) Induced entrepreneur:

An induced entrepreneur is one who is induced to take up a task due to policy measures that provide assistance, incentives, and concessions etc., to start an enterprise. Many small scale industries are started by people because government and institutions are giving support and lots of concessions.

(iii) Motivated entrepreneur:

New entrepreneurs are motivated by the desire for self-fulfillment. They come into existence because of the possibility of making and marketing some new product.

(iv) Spontaneous entrepreneurs:

This type of entrepreneur start their business by natural talents inherent in them. They possess traits like initiative, boldness and self confidence which motivate them to take up entrepreneurship.

(d) According to growth:

Growth of an enterprise may be termed as low, medium, high or super high growth. The development of a new venture leads to a chance of growth. Growth entrepreneurs are those who take up an industry with substantial growth prospects. On the other hand, super growth entrepreneurs show enormous growth performance in any venture they take up.

(e) According to stages of development:

(i) First generation entrepreneur:

A first generation entrepreneur is one who starts an industrial unit by his own innovative ideas and skills.

(ii) Modern entrepreneur:

A modern entrepreneur is one who undertakes those projects that are well needed and suited for changing demands.

(iii) Classical entrepreneur:

A classical entrepreneur is one who is concerned with the customers and marketing needs while developing a new venture.

(f) Others

(i) Innovative entrepreneur:

Innovative entrepreneur is one who sees the opportunity for introducing a

new technique of production process or a new product or a new market or a new service using his innovative ideas.

(ii) Initiative entrepreneur:

Initiative entrepreneur are revolutionary and take lot of initiative in any work. He can set in motion the chain reaction which leads to cumulative progress. He is more an organiser of factors of production than a creator.

12.7 EVOLUTION OF ENTREPRENEURSHIP

Entrepreneurship existed even in very early stages in different kinds. Its evolution is discussed below.

(i) Early period: 1. Marco Polo

An early example of entrepreneurship is known to be the example of Marco Polo who tried to trade routes to the Far East. He used to sign a contract with a venture capitalist to sell his goods. The capitalist was the risk bearer, the merchant-adventurer took the role of trading, bearing all physical and other risks. After his successful selling of goods and completing his trip, the profits were shared by the capitalist and merchant.

(ii) Middle ages: 1. ppl who took large projects but no risks

In the middle ages, the term entrepreneur was referred to a person who was managing large projects. He was not taking any risk but was managing the projects using the resources provided. Some examples are the cleric who used to be incharge of big architectural works like castles, cathedrals etc.

(iii) 17th Century: 1. A person who took risk 4. Profit / loss were 2. entered into an agreement with govt 3. no supply goods

During 17th century, an amalgamation of risk with entrepreneurship had evolved. A person (entrepreneur) used to enter into a contractual agreement with government to perform a service or to supply some goods. This involved some risk since the contract price was fixed and the profit or loss was borne by the entrepreneur.

Cantillon, a noted author developed one of the early theories of entrepreneurship during 17th Century. He viewed the entrepreneur as the risk taker, observing that merchants, farmers, craftsmen, buy at a certain price and sell at an uncertain price, hence operating at risk.

(iv) 18th and 19th Century 1) 18th C Industrialist 2) Capitalist diff from who needs cap 3) Tech. inv. didn't have been made

As a result of industrialization during 18th century the person with capital (capitalist) is differentiated from the person who needs capital (entrepreneur). Many of the technical inventors did not have money to turn their inventions into products. Hence some capitalists had to finance them.

(v) 20th Century: 1) managers 2) prof. gains from economy 3) qualities

During this, the entrepreneurs were not distinguished from managers and were viewed mostly from the view of economy. The entrepreneur organises and operates an enterprise for personal gains. He takes risk, contributes his own initiative, skills, he plans, organizes and leads his enterprise. He owns and bears

the loss or gain. In the middle of 20th century, the notion of an entrepreneur as an innovator was established.

The ability to innovate could be seen throughout history from the Egyptians who had designed, planned and erected pyramids with very heavy stone blocks, to the space launching technology, to a cell phones to an artificial pace maker in human heart. Although the tools have changed with advances in science and technology, the ability to innovate and risk taking has been present in all generations.

12.8 DEVELOPMENT OF ENTREPRENEURSHIP

The development of entrepreneurship started in the olden days. Ancient people invented wheel, fire by robbing stores, spears to hunt animals, new ways and means of cultivation etc. Then came the era of boats and ships opening the doors of trade at far places. The invention of steam engine revolutionized sea and land transportation. Eventually the industrial revolution during 19th century led to better and modern techniques of entrepreneurship.

The noteworthy pioneers of this era are Colt who invented fire power for weapons, Whitney who invented 'gin' which revolutionized spinning of cotton and Morse's telegraph that changed the life of communication. During 20th century foundation of modern industry was laid. America became leading industrial country. American steel industry was founded by Andrew Carnegie, Henry Ford started automobiles in a very big way. Though Henry Ford was not an inventor, he was a great entrepreneur.

The contemporary period of entrepreneurship began with innovators such as McCormick, who revolutionized mechanical reaper in agriculture, Alexander Graham Bell who invented telephone, Thomas Alva Edison who invented Electric bulb, Gillette who invented safety razor etc.

In the Indian context, pioneers like Jamshedji Tata, Birla etc., though not inventors, were great entrepreneurs who contributed to the technical and economic growth of India.

All these entrepreneurs have been responsible for noteworthy innovators that changed the human life for better. IBM converted the mechanical type writer to a electrically operated one. Apple developed Personal Computers.

Today, we consider some companies as giants in innovations and entrepreneurial ventures. To name some, Microsoft for office software, Sony for electric goods, Ford for cars, Intel for Micro electronics and I.C.s, Sun Micro systems for Electronic workstations etc.

In all above examples, starting from early period to today's entrepreneurs, there have been enthusiastic individuals who went out and extended their hands

to create new ventures which created new avenues and satisfied needs of people. V.V. A.M.D.

~~12.9 STAGES IN ENTREPRENEURIAL PROCESS:~~

The process of starting a new venture is the main theme of entrepreneurial process which involves more than just problem solving in any typical management position. An entrepreneur must find, evaluate and develop an opportunity by overcoming the problem that arise in developing something new. This process has five important stages:

- (i) Identification of an opportunity
- (ii) Evaluation of the opportunity
- (iii) Preparation of the business plan
- (iv) Determination and organizing the resources
- (v) Management of the enterprise.

IEPDM

(i) Identification of opportunity:

The first step in the entrepreneurial process is the identification of opportunity. This may be from his own idea or from external sources like consumers and business associates, members of distribution system, independent technical organizations, consultants, etc. Consumers are the best source of ideas for a new venture who spells out the need of a product or service. The business associates also can give ideas of a product or service.

Due to the close contact with the end user, member of distribution system, also see product needs one can identify new business opportunities through a discussion with a retailer, wholesalers or a trade representative.

Some individuals are highly technical oriented and are not interested in any entrepreneurship. Such people conceptualise new business opportunities that can be given to the interested. Some government organizations and R & D centers also provide new ideas.

(ii) Evaluation of the opportunity

The opportunity identified by using either input from consumers, business associates, channel members or technical people, must be carefully screened and evaluated. This evaluation is perhaps the most critical element of the entrepreneurial process as it allows the entrepreneur to assess whether the specific product or service provides sufficient return on investment. The evaluation process involves looking at the length of opportunity, its real and perceived value, its risks and returns, its fit with personal skills and goals of the

- 1) Consumers best
- 2) Business assoc. also
- 3) Retailer / Wholesaler also
- 4) Tech. oriented (1)
- 5) Govt R&D

1) Most diff. eval.

2) Most imp. if gives return on inv.

3) factors

entrepreneur and its uniqueness or differential advantage in its competitive environment.)

The length of opportunity and the market size and share are two main aspects for deciding the risk and gains or profits. SWOT (strengths, weaknesses, opportunities and threats) analysis is one of the useful analysis tools. Strength and weakness are internal factors and related to the organization and opportunities and threats are external and related to the environment and competition. The risks reflect the market, competition, technology and amount of capital involved. The capital invested forms the basis for returns and profits. The opportunity must finally fit the personal skills and goals of the entrepreneur. It is very important that the entrepreneur must be able to put forth the necessary time and effort needed to see the venture succeed. An over all opportunity assessment plan is prepared to evaluate the opportunity. Unlike a business plan, this is a short one, focuses only on the opportunity with risks and rewards and makes it clear whether or not to go with it.

This plan includes:

- description of product or service
- agreement of opportunity
- assessment of the entrepreneur and his team
- resources needed
- amount and source of capital needed
- rewards and profit expected.

Preparation

(iii) Development of a business plan:

To achieve the proposed business opportunity, a well defined business plan need to be developed. This is a tedious and time consuming activity of the entrepreneurial process. The business plan should contain the following in order.

- Title of project, table of contents and executive summary.
- Description of business and industry.
- Technology plan.
- Financial plan.
- Organization plan.
- Production and operation plan.
- Marketing and distribution plan.
- Summary of plan.

A good business plan is very essential to develop the opportunity and determine the resources received, pooling up the resources for successful managing of the proposed venture.

(iv) Determination and organizing the resources

This process begins with the assessment of present resources. Enough care must be taken not to underestimate the amount and nature of resources required. The risk involved with insufficient or incorrect resources should be calculated. Organising the required resources at the appropriate time is another important aspect of entrepreneurial process. Alternative sources of supply, process of manufacture etc., are to be planned.

(v) Management of Enterprise

After resources are acquired, the entrepreneur must use them to implement the business plan. The operational problems of the growing enterprise must also be examined. This calls for a management with all functions like planning, organizing, staffing, directing and controlling.

12.10 ROLE OF ENTREPRENEUR IN ECONOMIC DEVELOPMENT

The role of entrepreneurs in economic development involves more than just increasing the output and income; it involves in initiating and effecting the change in the structure of business or society. This change gives way to growth and higher output that leads to higher profits. Innovation plays very important role in economic growth both in developing new products or services and stimulating idea of investment in new ventures. This new investment works on both the demand and supply sides of growth. The new capital created expands the capacity for growth on supply side and the resultant new spending brings new capacity and increased output on demand side.

In spite of the importance of investment and innovation in the economic development of an area, there is little awareness of the product evolution process. This is the process through which innovation develops and commercialises through the entrepreneur's activity which in turn results in economic growth.

Entrepreneur bridges the gap between science and the market place, creating new enterprises and brings new products and services into the market. Those activities of an entrepreneur significantly effect the economy of an area by building economic base and providing jobs. In some areas entrepreneur creates new products and new employment. Thus entrepreneur thrusts impact and plays vital role both in overall economic development and creating employment to people.

12.11 ENTREPRENEURSHIP IN INDIA

The evolution of entrepreneurship in India is the efforts of great people as well as professionals. It started as family business known to be around 1850s with the starting of cotton mill in Bombay (Mumbai). From then on, entrepreneurship had grown in all directions from cotton mill to manufacture, to services, electronic goods, health care, exports and imports, information technology, education, transport, space technology etc.

Past: In the past "business community" was involved in trade and commerce. This community is presently known to be "Vaisyas" or "Banias". The following points are noteworthy with respect to the entrepreneurship in the past:

- (i) Manufacture and supply of a product was based on demand. The traders used to book orders from the required people and get them from the producer.
- (ii) All the members of the family were involved in the business from planning to manufacture stage and finally selling them.
- (iii) The industrial activity was controlled by the cast system. For example, weavers used to weave cloths, gold smiths used to make ornaments, formers used to produce food products etc.
- (iv) The skill of any enterprise was inherited from ancestors.
- (v) The trade activity was dependant on caste system.

The family based industries and trade were badly affected during British rule. Indian entrepreneurship was mainly in the areas of textiles, Iron and steel and hydroelectric projects etc.

Present:

There is tremendous growth of industries and services over last 50-60 years. Banking, automobiles, software development, petrochemicals, cement, steel, communication etc., are some of the major modern entrepreneurship areas, where lot of innovations had taken place.

Some of the noteworthy highly talented entrepreneurs of India are : G.D. Birla, J.R.D. Tata, Aditya Birla, Godrej, Jamnalal Bajaj, Wadia, Hindujas, Azim Premji of Wipro, Narayana Murthy of Infosys, Satyanarayana Raju of Satyam Computers, Dhirubai Ambani of Reliance, Karsanbhai Patel of Nirma etc.

Before 1940's the Indian business was almost dominated by British companies except for some well established companies like Tata Steel, Birla group, Wadias etc. It was very difficult to compete with British goods. After second world war (1945) more business opportunities were projected like cement, steel and other infrastructures. Indian industry began to expand in the core sector only after independence (1947).

***12.12 BARRIERS OF ENTREPRENEURSHIP**

The Entrepreneurship could not be taken up due to several reasons. The following are some of the barriers of entrepreneurship.

- (i) Lack of capital.
- (ii) Lack of technical knowledge.
- (iii) Economic business cycles.
- (iv) Non availability of raw materials and resources.
- (v) Government regulations.
- (vi) Obsolescence of technology or idea.
- (vii) Unstable and unpredictable markets.
- (viii) Globalisation and entry of foreign goods.
- (ix) Risk.

4 12.13 WOMEN ENTREPRENEURS

Women constitute about 50% of the world population. In traditional societies, they are confined to house performing household activities and hence woman is generally called as "house wife" or "homemaker". But today in modern society, they have moved out of four walls of the house and are taking part in all areas of life. Nowadays women are seen in academic, teaching, politics, administration, software development, managing business enterprises, banking sector, hospitals, etc. The involvement of women in these activities generate good income to support them and their families.

12.13.1 Concept of women entrepreneurs

Women entrepreneurs may be defined as "a woman or group of women who initiate, organize and run a business enterprise". Government of India has defined woman entrepreneur as "An enterprise owned and controlled by a woman having minimum financial participation of 51% of the capital and giving at least 51% of employment generated in the enterprise to women". This definition is based on women participation in equity and employment of business enterprise. In brief, women entrepreneurs are those women who think of a business enterprise, initiate it, organize and combine the factors of production, run the enterprise and undertake the risk and economic uncertainty involved in running the business. As an entrepreneur, a woman has to perform all the functions involved in establishing an enterprise. These include idea generation and screening, determination of objectives, project preparation, product analysis, completion of promotional formalities, raising funds, procuring man power and other resources and operation of business.

14.9 NATIONAL SMALL INDUSTRIES CORPORATION (NSIC)

NSIC was started by the Central Government in 1955 with the objective of promoting and developing SSI units throughout the country. It started with multiple objectives of helping SSI units for:

- (a) providing machinery on hire purchase,
- (b) assisting, marketing and exports,
- (c) enlisting SSI units for tender participation in Government purchases,
- (d) organising supply of raw materials,
- (e) training of personnel and
- (f) assistance in modernisation of the units.

The important functions of NSIC are as under:

- Financial assistance by way of hire purchase scheme for purchase of local and imported machinery.
- Provision of various equipments on lease basis.
- Assistance for marketing the products in the country and also to help in exporting the products of SSI units.
- Enlisting quality conscious good SSI units for sending enquiries of Government stores and purchase departments.
- Training of workers in various trades required for SSI units.
- Assistance in upgradation of technology, processes and modernisation of plant and machinery.
- To make bulk purchases of important raw materials and distribute to SSI units at reasonable rates. This avoids speculation and exploitation by the traders.
- To develop industrial estates and testing facilities in the industrial areas.

NSIC has got offices in various industrial cities and towns and is having socioeconomic approach in industrialisation of non-industry areas. It aims to create an industrial atmosphere with facilities and management support, so that

14.12 SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)

SIDBI was set up in 1989 as a wholly-owned subsidiary of the IDBI. The idea of starting SIDBI was in response to the demand from small-scale sector for an apex level institution for promotion, financing and development of small-scale industries. This should take care of both financial and non-financial assistance to the small-scale sectors. It does both direct and indirect financing to the small-scale sector. SIDBI does collaborative efforts to facilitate timely flow of credit for both term loans and working capital to small-scale industries in collaboration with commercial banks.

Earlier SIDBI was doing refinancing and discounting of bills. Now in addition to this it directly participates in the equity type of loan on soft terms, term loan, working capital both in rupee and foreign currencies, bill discounting, venture capital support and different forms of resource support to banks and other institutions.

Amongst support functions SIDBI finances for technology transfer and upgradation, quality improvement, exports, environmental care and industrialisation. For these activities SIDBI involves consultants and national and international level for improvements.